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FIRST COUNTRY COOPERATION FRAMEWORK FOR MADAGASCAR (1999-2003)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Madagascar, which covers the period 1999-2003, is based on the long-term goal of the Government: combating poverty in order to achieve sustainable human development (SHD), as described in the general policy programme submitted in March 1997 and in the 1996-1999 policy framework paper (PFP).

2. On the basis of the UNDP advisory note and of the Government's consultations with the various United Nations specialized agencies, this first cooperation framework describes the areas on which, with the Government's approval, UNDP assistance will focus. The country cooperation framework is based on a number of reference documents and, in particular, on the national poverty reduction strategy adopted in April 1997 and on the United Nations Development Assistance Framework. It also reflects the results of, and lessons learned from, the triennial review of the fifth country programme, which was carried out in October 1996.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The Human Development Report 1998 ranks Madagascar 153rd among 173 countries with an estimated human development index (HDI) of 0.348, well below that of the developing countries as a group and below that of most countries of sub-Saharan Africa. Nearly three quarters of the population is poor; the rural population is the most affected, with an HDI of about 0.291 (see the 1996 national human development report). The average Malagasy household spends 71.8 per cent of its income on food but only 3.46 per cent on health and 2.03 per cent on education.

4. The human poverty index of 49.5 for Madagascar means that nearly half of the population is living in a state of chronic poverty. Shortcomings in essential areas of sustainable human development are demonstrated by the following indicators for the period 1985-1995: nearly 32.1 per cent of the country's people die before age 40, 62 per cent are without access to health services and 71 per cent without access to safe drinking water; 72 per cent of children leave school with fewer than five years' education; and 39 per cent of children under age 5 are underweight.

5. For the past 35 years, Madagascar's average economic growth rate (1.24 per cent) has been lower than its average population growth rate (2.4 per cent). The results of the measures taken within the framework of the structural adjustment programmes (SAP) have been disappointing in the main, as shown by fluctuations which have led to changes and improvements in public policy and governance. However, the average annual inflation rate was reduced to 7.4 per cent in 1997 and the gross domestic product (GDP) growth rate (3.6 per cent) has exceeded the population growth rate.

6. The deterioration in the basic education sector is disturbing because it seriously limits the country's opportunities for sustainable human development:

the gross enrolment ratio for all levels combined fell from 60 per cent to 33 per cent between 1980 and 1994, and the literacy rate has fallen to 45.9 per cent. In 1993, over 50 per cent of children between the ages of 6 and 17 were not enrolled in school. Between 1991 and 1994, it became necessary to close about 20 per cent of the public schools.

7. Malagasy women live under the same difficult conditions as the rest of the population, as shown by the gender-related development index (GDI) of 0.346. Women are at a disadvantage owing to their virtual exclusion from the political, economic and social decision-making processes, as demonstrated by their low level of participation (0.353) in those areas (see the 1996 national human development report). Women are active in the informal sector but frequently have no access to equipment and factors of production.

8. Deforestation continues inexorably at the rate of 200,000 ha per year and is resulting in irreparable losses to the wealth of flora and fauna, 90 per cent of it indigenous to the country, decreased productivity of arable land and damage to production infrastructures as a result of erosion and silting.

9. Recovery programmes must be developed, bearing in mind the needs of urban and rural areas and regional disparities. The HDI remains low throughout the country, but rural areas in general, with an HDI of 0.291, and Toliara and Fianarantsoa in the southern part of the island, with an HDI of 0.246, are particularly underdeveloped. Development projects should therefore be targeted to benefit the most disadvantaged regions.

10. The sustainable human development objectives which the Government has mentioned in the PFP are: (a) economic growth rates of 6 per cent and 8.5 per cent and investment rates of 15 per cent and 17.6 per cent by the years 2000 and 2005, respectively; (b) a 0.5-year increase in average life expectancy; (c) an annual increase in the enrolment rate of 2 per cent by the year 2000 and 2.3 per cent by the year 2005 in order to keep pace with the increase in the school-age population; and (d) in the absence of a clearly defined policy, maintenance of the literacy rate at its current level.

11. The Government's priorities also include the establishment of the basic elements of the rule of law and, in particular, of an effective judiciary and an effective, independent court system and the achievement of genuine popular participation through Parliament and the establishment of autonomous provinces. Civil society and the private sector are beginning to organize in order for each group to better contribute to national development.

II. RESULTS AND LESSONS OF PAST COOPERATION

12. The purpose of the fifth country programme for Madagascar (1994-1998) is to contribute to national development in three important areas: (a) strengthened economic management; (b) sustainable management of natural resources; and (c) poverty reduction.

13. Noteworthy among the programme's achievements are: (a) the development and strengthening of long-term national and regional planning capacities within the

framework of the National Long-Term Perspective Study (NLTPS); (b) integration of the "poverty reduction with a view to sustainable human development" strategy; (c) transfer to the national authorities of responsibility for the formulation of the national poverty reduction strategy, the national poverty reduction programme and the national programme for improved governance and economic management; (d) establishment of a framework for the sustainability of mechanisms to promote initiatives such as Enterprise in Madagascar, which currently has seven offices in the country's six provinces, and restructuring of non-governmental organizations (NGOs) and associations into local operation structures; (e) assistance with poverty reduction, job creation and increased income for the population through, inter alia, (a) promotion of micro-, small and medium-scale enterprises: of 2,114 applications considered by Enterprise in Madagascar, 1,498 businesses were actually established and 900 received funding, 29.4 per cent of the recipients being women; (b) improvement of fishing and packaging techniques, which has helped to reduce post-harvest losses and to increase income of fishermen in the Toliara region by about 50 per cent; (c) preparation of a number of technical packages ready for reproduction and dissemination, and provision of the related training.

14. Although the programme approach to programme management has been adopted, it has not been applied systematically. An integrated approach would have made it possible to better target the poorest regions and to make more rational use of the available resources. It should also be emphasized that the principles of sustainability and national ownership were not integrated into programmes and projects at the beginning of the reporting period.

15. On the basis of lessons learned from the previous programme and of the conclusions of the October 1996 triennial review, UNDP and the Government should, in future, (a) adopt the programme approach and national execution more effectively and systematically; (b) complete the NLTPS process in order to provide the Government and donors with a strategic approach and development tool; (c) improve programme and project follow-up and review by, inter alia, establishing appropriate indicators for results and effects and setting up mechanisms to monitor and review the impact of programmes and projects in the various sectors; (d) adopt and apply a more rational resource mobilization strategy; (e) improve selection criteria for the targeted regions, bearing in mind the importance of complementarity and synergy, particularly in the case of activities funded by United Nations bodies; (f) strengthen the partnership with civil society and, in particular, with non-governmental organizations.

III. PROPOSED STRATEGY AND THEMATIC AREAS

16. In accordance with the Government's priorities and the guidelines of the United Nations Development Assistance Framework, the main goal of UNDP cooperation is to support, in coordination with the other programmes and funds of the United Nations system, the country's own efforts to achieve SHD and to combat poverty. The Development Assistance Framework has improved the programming of the activities of United Nations bodies in Madagascar. The following strategies will thus be adopted.

17. Improved targeting of key areas for SHD. The analysis of the development situation given above indicates that the key areas for SHD in Madagascar are good governance, promotion of sustainable livelihoods (where the starting points are job creation and increasing personal incomes), macroeconomic management, and the sustainable management of natural resources. To this end, the SHD criteria will be integrated in policies and programmes by expanding the scope and real content of SHD, establishing a reliable data bank, and producing an annual SHD report.

18. Reliance on the programme approach. The programme approach has been used since 1996 in the formulation of the various national programmes with UNDP support. These national programmes will be carried out in conjunction with UNDP under a plan of action operating both upstream (preparation of policies and programmes, policy dialogue) and downstream (operational activities to improve living conditions).

19. Promotion of national capacity-building. In addition to enhancing the capacity to formulate policies and programmes, UNDP will focus its support on actions to strengthen national capacities and the technical and organizational capacities of civil society and non-governmental organizations on a sustainable basis, the main goals being to ensure that the activities become permanent and to promote sustainable livelihoods.

20. Promotion of community participation. National capacity-building will also be pursued at the local level, among civil society and the population at large, which will be treated as a priority partner in programme design/formulation and execution and as a potential agent in the implementation of grass-roots activities in the recipient communities.

21. Improved resource mobilization and coordination of external aid. Here the aim will be to increase the capacity to absorb aid and to mobilize resources in order to support the national development priorities. This support will be furnished through the organization of round tables and through the work of the resident coordinator of United Nations operational activities, in particular under the United Nations Development Assistance Framework.

22. Adoption of a gender-related approach. The emphasis will be on the respective roles and responsibilities of women and men, on their access to and control of resources, and on their access to the decision-making process, in order to improve the impact on the status of women.

23. On the basis of the various national programmes in the priority development areas and in the context described above, the first cooperation framework with Madagascar will help to promote SHD by emphasizing (a) the improvement of governance and public policy, (b) poverty reduction and promotion of sustainable livelihoods, and (c) support for the second phase of the environmental action plan.

24. In accordance with the recommendations of such world conferences and summits as the World Summit for Social Development and the United Nations Conference on Environment and Development, UNDP activities will complement those of such donors as France, Germany, the United States, USAID, the World Bank and

the European Union which address the main areas of governance, economic management, promotion of the private sector, the fight against poverty, and environmental conservation.

A. Governance and public policy

25. UNDP cooperation will help Madagascar to adopt the mechanisms and rules of good governance, which will help to create better economic, political and social conditions so as to enable the country to resume economic growth. It will target three components in particular: (a) the development of autonomous provinces and the consolidation of the foundations of a democratic culture; (b) reinforcement of national economic management capacity; and (c) promotion of the private sector.

26. The programme is designed to strengthen the machinery enabling the Government, civil society, the Parliament and local communities to take over responsibility for development on the basis of an integrated approach combining horizontal and vertical activities. More particularly, UNDP will provide assistance (a) to strengthen a democratic culture and develop autonomous provinces, (b) to strengthen the capacity of civil society to perform its civic promotion and intermediation functions, (c) to strengthen the Parliament's capacity to debate and draft legislation, and (d) to establish an environment conducive to development and competitiveness in the private sector.

B. Poverty reduction and promotion of sustainable livelihoods

27. UNDP cooperation will help Madagascar to reduce poverty by (a) improving the people's living standards and conditions by means of integrated actions to stimulate community and local development initiatives and (b) establishing an institutional and financial environment favourable to the fight against poverty.

28. UNDP cooperation will support activities to increase the productivity of grass-roots communities by improving production conditions and systems and product development and marketing, by strengthening capacities through support for the creation of farmers' associations, technical training, rehabilitation and/or construction of social and economic community infrastructures, access to micro-credit for income-generating activities, job creation as part of the promotion of economic interest groups, and small enterprises and micro-enterprises. The MicroStart project will provide a response to the many micro-credit needs and will in time help to create a fruitful relationship between the beneficiary business owners and the financial institutions. UNDP support will also help to improve access to water in the southern part of the country.

29. The activities will be coordinated with the activities funded by the World Food Programme (WFP) under the school meals programme and the work-for-food project, those carried out by UNICEF to improve education and the rehabilitation/construction of schools funded by the Norwegian Agency for International Development, and those financed by other donors such as USAID, the European Union and the World Bank. In addition, the United Nations Capital Development Fund will contribute to the attainment of the objectives of poverty

reduction by improving local government by means of funding operations, including the provision of funds for local and environmental development. The improvement of the water supply system will also be partly financed by the African Development Bank.

30. Where health is concerned, in addition to the rehabilitation and/or construction of primary health centres, UNDP will emphasize the reinforcement of health districts through the training of health personnel and the promotion of community participation in management (creation of health management committees) and through the dissemination of information on health and family welfare, including the prevention and control of sexually transmitted diseases and AIDS.

31. In the case of the integrated municipal programmes to combat urban and peri-urban poverty, UNDP will support local capacity-building for the implementation of integrated local programmes to reduce poverty by establishing partnerships between the State and its external services, urban communities, organizations of civil society, and the private sector.

32. Steps will be taken to improve the organization and capacities of non-governmental organizations in order to expand their participation in the anti-poverty programmes and enable them to work as genuine partners of the Government and the donors.

33. Lastly, UNDP will support the establishment of a system for monitoring developments relating to living conditions and anti-poverty activities.

C. Support for the environmental action plan

34. Since 1990, Madagascar has been implementing its environmental action plan (PAE), which covers a period of 15 years. The Charter for the Environment, adopted in 1990, defines the legal framework for the plan's implementation.

35. The first phase of the environment programme (PE1) focused essentially on addressing emergencies and on creating and strengthening the institutional framework needed for the implementation of the PAE through the establishment of key institutions for the sustainable management of natural resources.

36. UNDP cooperation in phase II of the environment programme (PE2) through financing provided by the Global Environment Facility (GEF) is geared to building national capacities for the sustainable management of the natural resources of the various ecosystems by emphasizing three components:
(a) support for regionalized management and the spatial approach;
(b) sustainable development of the resources that constitute biodiversity;
and (c) the marine and coastal environments.

37. Support for regionalized management and the spatial approach. Cooperation between UNDP and GEF will help to strengthen, and facilitate the emergence of, local and regional coordination structures for harmonizing development efforts at the regional level. UNDP will provide, inter alia, targeted technical assistance for the diagnostic analysis of pressures on natural resources, with a view to the elaboration of decision-making tools that will provide a better

understanding of environmental problems at the spatial and regional levels. This support will help to lay the foundations for the regionalization of PE2 and for its integration into a sustainable regional dimension.

38. Sustainable development of the resources that constitute biodiversity. UNDP cooperation will help to strengthen the political and strategic framework. This support will be provided in the context of the contribution of GEF, as a financial mechanism, to the monitoring of the Convention on Biological Diversity, which was ratified by Madagascar in 1996. UNDP/GEF assistance will focus on the preparation of an exhaustive inventory of the resources that constitute biodiversity, particularly those outside protected areas, which could substantially supplement the available knowledge concerning protected areas.

39. The marine and coastal environments. UNDP/GEF cooperation will support the establishment of an institutional and strategic framework for the integrated and sustainable management of coastal areas. Emphasis will be placed on improving understanding of the problems of marine resources management and on the elaboration of a local development scheme in one of the two pilot regions.

IV. MANAGEMENT ARRANGEMENTS

40. The Government's adoption of the programme approach and of national execution has been effectively followed by the formulation of sectoral policies and strategies, such as the policy framework paper, the public investment programme and the various national programmes mentioned earlier. Although the national execution modality has been adopted by the Government, its implementation has been delayed somewhat owing to insufficient national capacity. However, this modality will be emphasized during the 1999-2003 programming cycle through national capacity-building in the Government, civil society and the private sector, particularly in the areas of programme formulation, monitoring and evaluation, by means of training sessions. A structure to coordinate international cooperation, supported by UNDP and other sources of funding, will be put in place by the Government.

41. In addition, UNDP will strategically strengthen the structure already in place in the Ministry of Finance and Economic Affairs, which is responsible for the implementation of national execution. The installation of a cadre of national skilled personnel who will work in coordination with the United Nations specialized agencies will also be a priority.

42. The new country cooperation framework will also encourage the Government to expand technical cooperation with the United Nations Volunteers Programme, particularly through promotion of the national volunteers formula. The services of international United Nations Volunteers will be used only when the necessary skills are not available at the national level.

43. Efforts to strengthen cooperation with non-governmental organizations will be stepped up in the current context of divestiture, and the participatory approach will be promoted.

44. In the area of resource mobilization, UNDP will encourage the Government to adopt a national strategy for both internal and external resources. With respect to the mobilization of internal resources, emphasis will be placed on contributions from the parties involved and from the tax system to be set up by the Government in relation to public services and the private sector. As to the mobilization of external resources, the modality envisaged is that of cost-sharing with the Government or other partners in the context of the programme approach. Vigorous efforts will also be made with regard to associated funds such as GEF, Capacity 21 and multi-bilateral funds.

45. Indicators of results and impact will be established to improve monitoring and to enhance the effectiveness of the triennial programme review, which will take place in 2001.

46. Annual programme evaluations will also be conducted with a view to adapting the programmes and making the necessary adjustments during their implementation. The conclusions of these evaluations will be useful for the triennial review. Field visits will be organized systematically to support programme execution.

47. Monitoring activities will be carried out jointly by the Government and UNDP with the participation of regional and local authorities and of the various partners.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR MADAGASCAR (1999-2003)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	2 178	
TRAC 1.1.1	21 068	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	1 600	
Subtotal	24 846[a]	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds	8 000	GEF
Third-party cost-sharing	2 000	NORAD
Funds, trust funds and other	8 000	UNCDF
Subtotal	18 000	
GRAND TOTAL	42 846[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; NORAD = Norwegian Agency for International Development; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; UNCDF = United Nations Capital Development Fund.